Company Registration No. 03419533

SUMMERSDALE PUBLISHERS LIMITED

Annual Report and Financial Statements

Period ended 31st December 2017

SUMMERSDALE PUBLISHERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

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REPORT AND FINANCIAL STATEMENTS 2017

COMPANY INFORMATION

DIRECTORS

P de Cacqueray
D Shelley
A Goff
A Luxton

SECRETARY

P de Cacqueray

REGISTERED OFFICE

Carmelite House
50 Victoria Embankment
London
EC4Y 0DZ

COMPANY NUMBER

03419533 (England and Wales)

AUDITOR

Mazars LLP
Chartered Accountants & Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

STRATEGIC REPORT

The Directors present their strategic report for Summersdale Publishers Limited for the 9 month period ended 31st December 2017.

Review and Analysis of the Business During the Current Period

The principal activity of the Company is book publishing.

On 31st October 2017 100% of the Company's share capital was acquired by Octopus Publishing Group Limited, part of the Hachette UK publishing group.

Key performance indicators
Management use a range of performance measures to monitor and manage the business. The performance measures are set out and commented on in the section below:

Revenue, gross profit margin, distribution and administrative expenses as a percentage of revenue, profit before tax, profit after tax, and cash.

Development and financial performance during the period
As reported in the Company's statement of comprehensive income, revenue has decreased by 15% from £4,455,736 to £3,786,057 in the current period. However, when the length of the periods are normalised, there was an increase of 15%. This increase is due to organic growth in the Company's sales.

The gross profit margin has remained consistent at 63% in 2017 and 2016.

Administrative expenses as a percentage of revenue have increased from 31% to 34% primarily as a result of additonal costs in integrating the business into the group. These costs are expected to increase slightly in 2018 before fully harmonising the businesses.

There was a decrease in profit before taxation to £1,093,008 for the period ended 31st December 2017 compared with £1,416,923 for the year ended 31st March 2017. This is an increase of 3% on a like for like basis and was primarily driven by the increased turnover, as noted above.

Profit after taxation has decreased from a profit of £1,132,555 in the year ended 31st March 2017 to £884,885 in the period ended 31st December 2017. It should be noted that, in real terms, this was an increase of 4%.

Financial position at the reporting date

The statement of financial position shows that the Company's net assets at the period end have increased from £2,313,264 to £3,058,149. This is a result of the profit generated during the period.
The Company's cash in hand and intercompany balances increased by £206,953 in the period primarily as a result of the profits converting to cash.

Principal Risks and Uncertainties Facing the Business
Summersdale Publishers Limited is part of the Hachette UK (Holdings) Group.

Treasury Operations and Financial Instruments
The Hachette UK (Holdings) Group operates a centralised treasury function which is responsible for managing the liquidity, interest, credit and foreign currency risks associated with the individual companies' activities.

Liquidity risk
The Group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its businesses.

Interest rate risk
The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The Group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Foreign currency risk
The Group's principal foreign currency exposures arise from trading operations in overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the group Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties Facing the Business (continued)

Change in technology
Worldwide sales of personal electronic e-book readers such as Amazon's Kindle and Apple's iPad have grown rapidly. The rising number of consumers owning these devices has driven a strong surge in the demand for downloadable books. The risks include that e-book downloads could substitute printed book purchases, and that authors might be unwilling to sell both the digital and print publishing rights. In addition, there is a risk of piracy, as e-books are sold on sites without payment, or without authority. The Company seeks to mitigate these risks combining e-book rights into all our contracts. The Company also has sales relationships to sell its e-books through robust third party platforms and distributors. The Company has been an early adopter of e-book technology and has developed strategic alliances to ensure it continues to develop business in this area.

Risk of litigation
The Company ensures all contractual and legal issues are considered fully and employs expert external advisers in this field to ensure that both the interests of the Company and its authors are safeguarded.

Recruitment, development, and retention of a quality team
The Company continues to maintain its positive and vibrant culture and an ethos that helps engender a quality workplace whilst nurturing an entrepreneurial spirit that will enable our staff to meet the challenges ahead. The Company's staff are an integral part of our success story.

Title acquisition
This risk encompasses the payment of advances to authors to acquire new titles that subsequently remain unearned. The risk is mitigated by strong controls when considering the acquisition of rights to new titles which include an initial book contribution evaluation process, carried out and signed off at a senior level. New titles are supported by sales and marketing resources to ensure a successful launch. There is also a system of continuous review, analysis and feedback on title performance to better inform future acquisitions.

Protection of our intellectual property
The advent of e-books increases the existing risk of revenue being undermined by the unauthorised copying and publication of the Company's books by third parties. The protection of intellectual property across all jurisdictions and across different forms of media is a high priority. The Company's management work closely with professional advisors and internet specialists to ensure all intellectual property rights are safeguarded.

Future Developments
The Company will be looking for margin improvement and increased sales revenues in 2018 to generate higher profits over the 2017 performance.

Approved by the Board of Directors and signed on behalf of the Board.

P de Cacqueray
Director

19th July 2018

DIRECTORS' REPORT

The Directors present their Annual Report and Financial Statements for the period ended 31st December 2017.

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 and 3. These matters relate to the principal activity, business review, and principal risks and uncertainties.

Financial Instruments

The Group's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the Group's activities, bank overdrafts, loans and corporate bonds. The purpose of these facilities is to raise finance for the Group's operations. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations. Derivative transactions which the Group enters into principally comprise forward exchange contracts. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes.

Dividends

The Company paid dividends of £140,000 in the period ended 31st December 2017 (year ended 31st March 2017: £390,000).
The directors recommend a final dividend to be paid in 2018 of £3,000,000.

Directors

The names of the present Directors of the Company are shown on page 1. Changes in directors during the period are shown below.

T M Hely Hutchinson (appointed 1st November 2017, resigned 12th December 2017)
D Shelley (appointed 1st November 2017)
P de Cacqueray (appointed 1st November 2017)
A Goff (appointed 1st November 2017)
A Luxton (appointed 1st November 2017)
A R Williams (resigned 1st November 2017)
S P Ferris (resigned 1st November 2017)

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's directors.

Statement as to Disclosure of Information to Auditor

The directors who held office at the date of approval of this report confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of this information.

Reappointment of Auditor

Mazars LLP have been appointed as auditors during 2017 and will continue in office as auditor in accordance with section 487(2) of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

P de Cacqueray
Director

19th July 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
To the members of Summersdale Publishers Limited

Opinion

We have audited the financial statements of Summersdale Publishers Limited (the 'company') for the period ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Other matters

Without qualifying our position, we draw attention to the accounting policies on page 11 to the financial statements and the fact that the comparable information in the accounts was unaudited.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Claire Larquetoux
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
Date: 20 July 2018

STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31st December 2017

	Notes	Period ended 31st December 2017	unaudited Year ended 31st March 2017
		£	£
REVENUE	4	3,786,057	4,455,736
Cost of sales		(1,399,062)	(1,631,804)
GROSS PROFIT		2,386,995	2,823,932
Administrative expenses		(1,294,465)	(1,408,638)
OPERATING PROFIT		1,092,530	1,415,294
Finance income	6	480	1,635
Finance expense	6	(2)	(6)
PROFIT BEFORE TAXATION	7	1,093,008	1,416,923
Taxation	8	(208,123)	(284,368)
PROFIT FOR THE PERIOD / YEAR		884,885	1,132,555
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR		884,885	1,132,555

All results are derived from continuing operations.

The notes on pages 11 to 17 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
31st December 2017

	Notes	As at 31st December 2017	unaudited As at 31st March 2017
		£	£
NON-CURRENT ASSETS			
Intangible fixed assets	9	-	-
Property, plant and equipment	10	21,885	29,033
CURRENT ASSETS			
Inventories	11	367,149	507,431
Trade and other receivables	12	1,941,485	1,049,223
Cash and cash equivalents		1,602,485	1,395,532
		3,911,119	2,952,186
TOTAL ASSETS		3,933,004	2,981,219
CURRENT LIABILITIES			
Trade and other payables	13	(870,878)	(663,978)
NON-CURRENT LIABILITIES			
Deferred tax	8	(3,977)	(3,977)
TOTAL LIABILITIES		(874,855)	(667,955)
NET ASSETS		3,058,149	2,313,264
CAPITAL AND RESERVES			
Called up equity share capital	14	4	4
Retained earnings		3,058,145	2,313,260
EQUITY SHAREHOLDER'S FUNDS		3,058,149	2,313,264

The notes on pages 11 to 17 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 19th July 2018.

Signed on behalf of the Board of Directors.

P de Cacqueray
Director

STATEMENT OF CHANGES IN EQUITY
31st December 2017

	Share capital £	Retained earnings £	Total equity £
At 1st April 2016 (unaudited)	4	1,570,705	1,570,709
Profit for the year	-	1,132,555	1,132,555
Total comprehensive income (unaudited)	-	1,132,555	1,132,555
Dividends paid	-	(390,000)	(390,000)
At 31st March 2017 (unaudited)	4	2,313,260	2,313,264
Profit for the period	-	884,885	884,885
Total comprehensive income	-	884,885	884,885
Dividends paid	-	(140,000)	(140,000)
At 31st December 2017	4	3,058,145	3,058,149

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31st December 2017

1 CORPORATE INFORMATION

Summersdale Publishers Limited is a Company incorporated in the United Kingdom. The registered address of the Company is given on page 1. The principal operations of the Company are included in the strategic report on page 2.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

This is the first period the Company has prepared its financial statements in accordance with FRS 101, accordingly the financial information as at 1st April 2016 (being the date of transition) and for the year ended 31st March 2017 have been restated to comply with FRS 101.

UK generally accepted accounting practices ("UK GAAP") differs in certain respects from FRS 101, hence when preparing these financial statements, management has amended certain accounting and measurement bases to comply with FRS 101. The disclosures required by IFRS 1 'First-time adoption of International Financial Reporting Standards' ("IFRS 1") concerning the transition, are given in Note 17.

IFRS 1 permits the Company to take advantage of certain exemptions from applying the requirements on a fully retrospective basis as at the date of transition in certain instances.

The comparatives are unaudited as the company was previously entitled to exemption from audit under section 477 of the Companies Act 2006.

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

a) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
b) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
c) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
d) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the period (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73 (e)) and the reconciliation of the carrying amount of intangible assets (IAS 18 (118)(e));
e) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to disclosure of capital management policies and objectives;
f) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
g) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendements and interpretations in issue but not yet effective; and
h) The requirement of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points a) and c), the equivalent disclosures are included in the consolidated financial statements of the group, Lagadere SCA which the Company is consolidated into.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the forseeable future.Thus they have continued to adopt the going concern basis of accounting in preparing the financial statements.

Functional and presentational currency

The Company's functional currency is GBP Sterling, as this is the currency of the primary economic environment of that in which the Company operates. The financial statements are presented in GBP Sterling.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, as per accounting policy 2.12. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31st December 2017

2 ACCOUNTING POLICIES (continued)

2.2 Foreign currency

Transactions denominated in foreign currencies are recorded at the spot exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates at that date. Foreign currency translation differences arising on translation are recognised in the profit or loss.

2.3 Revenue

Revenue comprises the gross value of goods and services supplied, exclusive of VAT, after deduction of provisions for returns. Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be measured reliably.

2.4 Financial instruments

Financial assets carried at amortised cost

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets carried at amortised cost are classified as loans and receivables and comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimates future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

2.5 Property, plant and equipment

Property, plant and equipment is recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and remove the asset and restoring the site on which it is located.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the costs of assets, less estimated residual value, over their expected useful lives on the following basis:

Fixtures and fittings	6 years and 8 months
Computer and office equipment	3 years

The residual value and the useful life of an asset is reviewed at least at each financial period end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31st December 2017

2 ACCOUNTING POLICIES (continued)

2.6 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses, which are charged to administrative expenses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed at least each financial period end. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly.

Amortisation is provided at rates calculated to write down the costs of assets, less estimated residual value, over their expected useful lives on the following basis:

Software	5 years

2.7 Income tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the forseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

2.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs incurred in bringing each product to its present location and condition, as follows:

Goods for resale	-	purchase cost
Work in progress and finished goods	-	cost of direct materials

Cost is determined on a first-in, first-out ("FIFO") basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completiion and the estimated costs necessary to make the sale.

2.9 Pension costs

The Company participates in a defined contribution pension scheme where pension contributions are charged against profits in the accounting period in which they arise.

2.10 Leased assets

Operating leases
Where the Company is a lessee, payments on operating lease arrangements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2.12 Significant management judgments in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on the recognition of assets, liabilities, income and expenses is provided below.

Returns
The company sells books on a sale or return basis. Other creditors includes an estimate for returns expected to be received after the year end.

Royalty advances
Unearned royalty advances are written down to the extent that they are not expected to be covered by estimated future earnings.

Stock
Old and obsolete stock is written down to the extent that it is not expected to be sold, in line with group policy.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31st December 2017

2 ACCOUNTING POLICIES (continued)

2.13 Adoption of new and revised standards

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the period ended 31st December 2017:

	EU effective date Periods beginning on or after
Amendment to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1st January 2017
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 Disclosure of Interests in Other Entities	1st January 2017

The adoption of the standards and interpretations above has not had a material impact on the Company's financial statements.

3 RELATED PARTIES

The Company has taken advantage of the exemption offered by FRS 101 from the requirements of paragraph 17 of IAS 24 Related Party Disclosures not to disclose key management personnel compensation and from the requirements in IAS 24 Related Party Disclosures not to disclose related party transactions entered into between two or more members of a group.

4 REVENUE

Analysis by geographical area:

	Period ended 31st December 2017 £	unaudited Year ended 31st March 2017 £
United Kingdom	**2,944,183**	3,392,234
Australia and New Zealand	**104,523**	110,302
United States	**251,916**	462,589
North America	**12,000**	10,000
Asia	**260,806**	214,203
Rest of World	**212,629**	266,408
Total revenue from the sale of goods	3,786,057	4,455,736

The Directors consider the Company to have one class of business, book publishing, and thus no analysis of turnover by class of business is provided.

5 INFORMATION REGARDING EMPLOYEES AND DIRECTORS

The average monthly number of persons (including Directors) employed by the Company during the period was:

	Period ended 31st December 2017 Number	unaudited Year ended 31st March 2017 Number
Book publishing	**24**	25
Staff costs (for the above persons)	**£**	£
Wages and salaries	**634,555**	816,056
Social security costs	**12,986**	82,763
Other pension costs	**88,094**	139,984
	735,635	1,038,803
Directors' remuneration		
Total emoluments	**198,855**	273,004

Emoluments of directors who are also directors of Octopus Publishing Group Limited, Hachette UK Limited or Hachette UK (Holdings) Limited have not been disclosed. The group wide emoluments for the Company directors have been disclosed in the financial statements of Octopus Publishing Group Limited, Hachette UK Limited and Hachette UK (Holdings) Limited as appropriate.

6 FINANCE INCOME AND EXPENSE

	Period ended 31st December 2017 £	unaudited Year ended 31st March 2017 £
Finance income:		
Bank and other interest receivable	**480**	1,635
Finance expense:		
Bank interest payable	**(2)**	(4)
Other interest payable	**-**	(2)
	(2)	(6)

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31st December 2017

7 OPERATING PROFIT

	Period ended 31st December 2017 £	unaudited Year ended 31st March 2017 £
Operating profit is stated after charging / (crediting):		
Depreciation of property, plant and equipment	**9,097**	12,863
Loss on disposal of property, plant and equipment	**382**	-
Operating lease rentals - land and buildings	**19,762**	23,063
Net foreign exchange losses / (gains)	**56**	(363)

The audit fee for the period ended 31st December 2017 of £3,000 was borne by the Company's parent, Hachette UK Limited, and has not been recharged.

Fees for other non-audit services of £5,904 (2016: £nil) were also borne by Hachette UK Limited.

8 INCOME TAX

	Period ended 31st December 2017 £	unaudited Year ended 31st March 2017 £
Current income tax:		
Tax for the current period / year	**208,123**	283,597
Foreign tax suffered at source	**-**	171
	208,123	283,768
Deferred tax:		
Origination and reversal of temporary differences	**-**	600
Total tax expense	**208,123**	284,368
Reconciliation of tax:		
Tax on profit at UK standard rate of corporation tax - 19% (year ended 31st March 2017: 20%)	**207,672**	284,428
Non taxable income	**-**	(1,371)
Expenses not deductible for tax purposes	**451**	2,142
Other permanent differences	**-**	(831)
Total tax expense	**208,123**	284,368

	31st December 2017 £	31st March 2017 £
The deferred tax liability included in the statement of financial position is as follows:	**3,977**	3,977
Accelerated capital allowances	**3,977**	3,977
Deferred tax liability at the start of the period / year	**3,977**	3,377
Deferred tax charge in the statement of comprehensive income for the period / year	**-**	600
Deferred tax liability at the end of the period / year	**3,977**	3,977

Deferred tax has been provided at 19% (year ended 31st March 2017: 19%) which is the rate enacted to apply from 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31st December 2017

9 INTANGIBLE FIXED ASSETS

	Computer Software £
Cost :	
At 1st April 2017 and at 31st December 2017	2,660
Accumulated amortisation :	
At 1st April 2017 and at 31st December 2017	2,660
Net book value :	
At 31st March 2017 and 31st December 2017	-

10 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Computer and office equipment £	Total £
Cost :			
At 1st April 2017 (unaudited)	48,920	91,045	139,965
Additions	-	2,331	2,331
Disposals	(450)	(11,790)	(12,240)
At 31st December 2017	48,470	81,586	130,056
Amortisation:			
At 1st April 2017 (unaudited)	31,592	79,340	110,932
Charge for the year	3,338	5,759	9,097
Disposals	(68)	(11,790)	(11,858)
At 31st December 2017	34,862	73,309	108,171
Net book value :			
At 31st December 2017	**13,608**	**8,277**	**21,885**
At 31st March 2017 (unaudited)	17,328	11,705	29,033

11 INVENTORIES

	31st December 2017 £	unaudited 31st March 2017 £
Finished goods and goods for sale	**367,149**	507,431

There is no material difference between the carrying value of inventories and replacement costs.

12 TRADE AND OTHER RECEIVABLES

	31st December 2017 £	unaudited 31st March 2017 £
Trade receivables	**1,866,622**	901,914
Amounts owed by group undertakings	-	-
Prepayments and accrued income	**47,280**	80,000
Other taxes and social security	-	22,000
Other receivables	**27,583**	45,309
	1,941,485	1,049,223

There are no amounts disclosed in this note receivable in more than one year.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 31st December 2017

13 TRADE AND OTHER PAYABLES

	31st December 2017	unaudited 31st March 2017
	£	£
Trade payables	**464,187**	274,199
Other payables	**151,837**	32,232
Accruals and deferred income	**48,655**	31,000
Other taxes and social security	**-**	43,547
Corporation tax payable	**206,199**	283,000
	870,878	663,978

There are no amounts disclosed in this note due in more than one year.

14 CALLED UP SHARE CAPITAL

	31st December 2017 and 31st March 2017 (unaudited)	
	Number	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	4	4

15 FINANCIAL COMMITMENTS

At 31st December 2017, the Company has future minimum rental payable under non-cancellable operating leases and were as follows:

	Land and buildings	
	31st December 2017	unaudited 31st March 2017
	£	£
Future minimum lease payments due:		
Not later than one year	**-**	23,063

16 ULTIMATE AND IMMEDIATE PARENT COMPANIES

Octopus Publishing Group Limited, registered in England and Wales, is the Company's immediate parent company.

The ultimate parent company is Lagardere SCA, a company incorporated in France. This is also both the largest and smallest group which includes the company and for which consolidated accounts are prepared. Copies of the group accounts of Lagardere SCA are available from 4 Rue de Presbourg, 75116, Paris 16, France.

17 FIRST YEAR ADOPTION OF FRS 101

The policies applied under FRS101 are not materially different to those under FRS102 and have not impacted the reserves at 1st April 2016 or the profit for the year ended 31st March 2017.